

**AMERICAN CONTRACT BRIDGE LEAGUE, INC.**  
Results of Operations For the four months  
ended April 30, 2005

The American Contract Bridge League reported \$249,000 in excess expense over revenue for the first four months of 2005, which is unfavorable by \$40,000 to the budgeted excess expense of \$209,000.

Beginning in 2005, the ACBL financial reports will reflect a change in format from a partially functional cost basis to a fully-allocated cost basis. Whereas the old format would, for example, show the NABC tournament as the net of the revenue generated less its out-of-pocket expenses, the new format will take that example one step forward by applying salary & benefit expenses and a share of unallocated overhead expense to the event. Examples of unallocated overhead would be general insurance, CEO time, board of directors expense, etc. The new format should provide a better understanding of each line of business' profitability after absorbing its fair share of the corporation overhead. This benefit may be offset by the fact that business line variations in the statements will often be the result of allocations from a general pool and not necessarily activity within the business line itself. The new reporting format will show ACBL operations grouped into five major lines of business:

Excess Revenue / (Expense)			
Amounts in Thousands	2005 Actual	2005 Budget	Fav/(Unfav) Variance
Membership Services	\$ 110	\$ 136	\$ (26)
Playing at Clubs	319	276	43
Playing in Tournaments	17	(54)	71
Marketing	(650)	(565)	(85)
Product Store	(45)	(2)	(43)
Total - All Lines	\$ (249)	\$ (209)	(40)

**Membership Services**

The membership services category includes three segments and two of the three areas experienced excess revenue over expense. The **BULLETIN** area generated \$133,000 in direct revenues and received an allocation of \$516,000 of membership dues to end the trimester with excess revenue of \$82,000, which was \$2,000 favorable to the \$80,000 excess revenue budget.

**Masterpoint recording** did not generate any revenue but did receive \$132,000 in membership dues allocation and resulted in excess expense of \$2,000, \$2,000 less than the \$4,000 excess expense budget.

The final membership services area is **Customer Service** which generated \$7,000 in revenues but benefited from a membership dues allocation of \$632,000 to produce excess revenue of \$30,000. This result was unfavorable by \$30,000 to excess budgeted revenue of \$60,000. The primary reason for the variance from budget was a combination of receiving a lower allocation of non-dues revenue due to lower interest income and a larger allocation of general overhead due to the area's larger percentage of departmental costs.

## Playing at Clubs

**Club games** generated the highest revenue of any line of business with \$690,000 in direct revenues (vs \$667,000 budget) plus an additional \$14,000 in membership dues allocation to produce excess revenue of \$422,000, which was \$10,000 greater than the \$412,000 excess revenue budget.

**Special games**, on the other hand, generated less revenue than club games (only \$35,000) and did not receive any dues allocation benefits. As a result, the area produced excess expense of \$102,000, which was \$34,000 favorable to the \$136,000 excess expense budget (due to the lower budgeted revenue of \$6,000). Positive revenue comparisons were seen in the Grand National Team games (\$20,000) and ACBL Seniors (\$10,000), which were related to timing issues, along with favorable expense estimates on the North American Pairs (\$17,000).

## Playing in Tournaments

Year to date revenues at **Regional games** were significantly lower at \$572,000 (vs \$748,000 budget) as reduced sanction fee rates and lower attendance negatively impacted revenue while TD expenses charged (\$404,000 vs \$530,000 budget) were lower due to the reduced attendance. Total excess revenue of \$4,000 was \$11,000 lower than the excess budgeted revenue of \$15,000.

Year to date revenues generated by the **Sectional games** were slightly higher (\$643,000 vs \$638,000 budget) as the regular sectional games were \$17,000 higher and STaC games were \$12,000 lower. Lower share of non-dues and dues allocations resulted in higher excess expense of \$20,000, compared to budgeted excess expense of \$15,000.

The **Spring NABC** in Pittsburgh produced \$518,000 in revenue (vs \$503,000 in the budget) as the event benefited from a turn-out of 9,596 tables along with lower direct expenses, department expenses and overhead allocation costs while Direct TD costs were slightly higher (by \$10,000). Bottom line showed Pittsburgh's excess revenue of \$33,000 being \$87,000 favorable to the budgeted excess expense of \$54,000.

## Marketing

The company's entry into a new youth marketing strategy along with an unbudgeted \$61,000 unit cooperative rebate programs were the major factors in the increase in **Marketing & Promotional** expenses to \$650,000 versus a budget of \$565,000 excess expense. Department expenses of \$382,000 were higher than budget (\$279,000) although the allocation of overhead (\$279,000) was smaller than budget (\$304,000).

## Product Sales

Revenues generated by the **Product Sales** area were \$683,000 or \$102,000 less than the \$785,000 budgeted revenues as the product line continues to show fatigue. Direct costs of \$313,000 were \$20,000 lower than budget and department costs of \$261,000 were flat (vs \$263,000 budget) for an overall excess expense of \$45,000, compared to a \$2,000 excess expense budget.

**Financial Position**

	April 30 2005	April 30 2004	% Change
Amst in 000s			
Cash & Investments	\$ 6,384	\$ 6,237	2.4%
Current Assets	3,485	3,718	(6.3)
Current Liabilities	2,117	2,207	(1.3)
Current Ratio	1.65x	1.68x	(0.03) x
Total Net Assets	7,213	7,382	(2.3) %

**Outlook**

The 2005 operating year began with a budget expectation of \$350,000 in excess expense as a result of the organization's decision to hold and/or reduce fees this year while maintaining an aggressive marketing posture. The early trend in regional tables appears weaker than anticipated, however, management remains positive about the chances of finishing the year at or near the bottom line budgeted amount.

**Page 7: Fully-allocated cost Report - ACTUAL**

*2005 First Trimester*

jack 5 - 2005 First Trimester (Actual).xls

Grouping of Activities	Direct Revenue	Allocation of Non-Dues Revenues	Allocation of Memberhsip Dues	Direct Expense	Direct TD Expense	Depart+ InfraStructure Expense	Overhead Allocation	Net Profit or (Loss)
<b>Member Services</b>								
BULLETIN	133,027	1,824	515,774	-	-	358,894	209,761	81,970
Masterpoint Recording	-	1,172	131,612	-	-	-	134,828	(2,044)
Customer Service	7,320	5,327	632,123	-	-	2,416	612,746	29,609
<b>Playing at the Club</b>								
Club Games	690,145	2,149	14,284	-	-	37,733	247,185	421,660
Special Games	34,929	1,121	-	575	22,510	(2,445)	117,645	(102,235)
<b>Playing at the Tournament</b>								
Regional Games	571,611	3,441	33,593	1,135	403,607	6,067	193,943	3,892
Sectional Games	643,478	3,895	30,413	578	428,774	34,288	233,657	(19,511)
NABC Games	517,923	1,207	27,775	36,492	137,714	270,216	69,964	32,518
<b>Marketing</b>								
Marketing & Promotion	9,430	2,429	-	342	-	381,703	279,431	(649,617)
<b>Product Sales</b>								
Product Sales	683,178	2,265	-	312,793	-	157,017	260,548	(44,915)
<b>Governance</b>								
Governance	-	-	-	-	-	137,088	(137,088)	-
Affiliated Organizations	-	-	-	-	-	-	-	-
<b>Unallocated Items</b>								
General & Unallocated	1,521,130	(24,829)	(1,385,574)	8,442	(992,605)	3,317,509	(2,222,619)	-
<b>Total - All lines of Business</b>	<b>4,812,171</b>	<b>-</b>	<b>-</b>	<b>360,357</b>	<b>-</b>	<b>4,700,486</b>	<b>1</b>	<b>(289,672)</b>

Budget "as approved" by the Board of Directors at the 2004 Fall Meetins in Orlando, Florida.

Adjustments made to spreadsheet since the board meeting (December 2004):

1. Membership Services allocation of membership dies has been adjsuted to reflect a more recent CPI figure for the 2004 period (3.3% vs 2.5%).
2. Previously unallocated revenues wer included in the membership dues allocation. This has been changed to allocate non dues revenues.
3. NABC director costs revised to avoid double counting, July 2005.

**Page 7: Fully-allocated cost Report - BUDGET**

*2005 First Trimester - Budget*

jack 5 - 2005 First Trimester (Budget).xls

Grouping of Activities	Direct Revenue	Allocation of Non-Dues Revenues	Allocation of Membership Dues	Direct Expense	Direct TD Expense	Depart+ InfraStructure Expense	Overhead Allocation	Net Profit or (Loss)
<b>Member Services</b>								
BULLETIN	142,750	6,099	515,774	-	-	367,284	217,262	80,076
Masterpoint Recording	-	3,927	131,612	-	-	-	139,912	(4,373)
Customer Service	9,112	16,647	632,123	-	-	4,368	593,041	60,473
<b>Playing at the Club</b>								
Club Games	666,660	6,921	17,267	-	-	32,290	246,549	412,009
Special Games	5,872	2,328	-	152	92,014	15,608	36,924	(136,498)
<b>Playing at the Tournament</b>								
Regional Games	747,724	14,421	40,609	1,668	530,222	7,680	248,624	14,559
Sectional Games	638,421	12,706	36,765	832	427,316	35,820	239,007	(15,082)
NABC Games	503,361	4,241	33,575	40,600	127,331	339,695	87,407	(53,856)
<b>Marketing</b>								
Marketing & Promotion	10,385	8,523	-	1,000	-	278,858	303,626	(564,576)
<b>Product Sales</b>								
Product Sales	784,711	7,391	-	333,178	-	197,537	263,287	(1,901)
<b>Governance</b>								
Governance	-	-	-	-	-	139,087	(139,087)	-
Affiliated Organizations	-	-	-	-	-	4,564	(4,564)	-
<b>Unallocated Items</b>								
General & Unallocated	1,636,167	(83,202)	(1,407,725)	11,050	(1,176,882)	3,543,060	(2,231,988)	-
<b>Total - All lines of Business</b>	<b>5,145,163</b>	<b>-</b>	<b>-</b>	<b>388,480</b>	<b>-</b>	<b>4,965,851</b>	<b>-</b>	<b>(209,168)</b>

Budget "as approved" by the Board of Directors at the 2004 Fall Meetins in Orlando, Florida.

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ACBL  
Balance Sheet  
As of April 30, 2005

Description	Current Year	Last Year
<b>Assets</b>		
Current Assets		
Cash	902,641.79	672,979.79
Investments	987,981.79	1,336,514.58
Accounts Receivable less Allowance	320,167.64	269,481.96
Due from Affiliates	80,495.74	72,739.15
Inventories	762,305.95	909,880.81
Prepaid Expenses	378,206.05	397,473.02
Other Current Assets	52,793.06	59,100.23
Total Current Assets	<u>3,484,592.02</u>	<u>3,718,169.54</u>
Investments	4,493,403.16	4,227,632.78
Investments in Subsidiary	1,000.00	1,000.00
Property and Equipment Less Accumulated Depr	1,477,644.81	1,696,083.24
Video Costs less Accum Amort	-	-
Total Assets	<u><u>9,456,639.99</u></u>	<u><u>9,642,885.56</u></u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts Payable	51,987.10	152,690.57
Due to Affiliates	-	-
Accrued Expenses:		
Taxes	3,585.00	4,248.00
Tournaments	(4,614.19)	(3,413.78)
Other	408,460.31	492,555.77
Accrued Pension Cost	313,456.00	248,502.87
Accrued Post Ret Health	855,583.52	855,706.14
Unredeemed Scrip/Gift Cert	74,353.55	96,077.55
Deferred International Fund	132,262.98	108,240.64
Deferred Junior Fund	189,938.49	119,030.00
Unit Dues Payable	152,297.02	133,121.20
Total Current Liabilities	<u>2,177,309.78</u>	<u>2,206,758.96</u>
Unit Dues Refunds Payable	65,980.42	54,584.65
Total Liabilities	2,243,290.20	2,261,343.61
<b>Net Assets</b>		
Unrestricted	3,385,832.90	3,882,342.33
Temporarily Restricted	3,827,529.39	3,499,199.62
Total Net Assets	<u>7,213,362.29</u>	<u>7,381,541.95</u>
<b>Total Liab and Net Assets</b>	<u><u>9,456,652.49</u></u>	<u><u>9,642,885.56</u></u>

American Contract Bridge League  
NABC Function Statement  
For the Twelve Months ending December 31, 2005

		Meeting Services	
760		Meeting Services	
415		Meeting Services	
415		NABC - Spring 2005	
		Description	Total
<hr/>			
Revenue			
	5410	Tournament Revenue	529,376
Revenue			<u>529,376</u>
Cost of Sales			
	6360	Tournament Supply Expense	4,810
	6370	Hand Record Expense	460
	6630	Daily Bulletin Expense	<u>31,222</u>
Cost of Sales			36,492
Operating Expenses			
	7310	Computer Scoring Expense	15
	8100	Salaries - Regular	208
	8130	TD Session Fees	120,904
	8170	Contract Labor	16,021
	8180	Contract Labor 1099	2,675
	8300	Travel	56,126
	8335	NABC Shuttle	11,205
	8340	Lodging	64,201
	8345	Lodging Discounts	(52,575)
	8348	Housing Bureau	25,860
	8350	Business Meals	532
	8360	Catering	9,892
	8370	Entertainment	363
	8400	Postage	(1,999)
	8401	Overnight Mail Charges	612
	8403	Freight Expenses	8,352
	8420	Supplies	3,833
	8440	Printing Expenses	7,610
	8470	Equipment Purchased Exp	86
	8510	Equipment Maint	187
	8540	Purchased Services	22
	8560	Equipment Rental	9,948
	8600	Telephone	3,390
	8700	Professional Fees	7,065
	8750	Banking Fees	41
	8800	NABC Prixes	5,774
	8810	Per Table Fee to Locals	80,100
	8820	NABC Gratuities	300
	8825	NABC Souvenir Program	161
	8835	NABC Seeder Exp	1,540
	8845	NABC Appeal & Charges	4,590
	8850	NABC Volunteer Lodging	3,549
	8860	NABC Workers Appreciatio	<u>764</u>
Operating Expenses			391,352
Other Income and Expenses			<hr/>
Net Income (Loss)			101,532

